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# Before the FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

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In the Matter of )

Implementation of Sections 3(n) and 332 )
of the Communications Act )

Regulatory Treatment of Mobile Services )

GN Docket No. 93-252

RECEIVED

T.III 1 1994

To: The Commission

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF SECRETARY

## **REPLY COMMENTS**

Don Cook, by and through counsel, hereby submits his comments in reply within the above captioned rule making. Cook is long-time operator of SMR facilities in the Fresno, California, area. Cook has over thirty years of experience in providing radio service to the public. He is, therefore, extremely qualified to make comment within this proceeding and his interests will be directly affected by the outcome of this proceeding.

## Nextel's Proposal Would Endanger Cook's Business

Although Nextel's comments suggest that any effect on traditional SMR operators would be minimal, that opinion is not shared by Cook. In fact, Cook believes that the proposed frequency swapping authority, if enacted, would severely harm his business and the businesses served by Cook's SMR facilities. Cook provides service to hundreds of end users, which depend on Cook's systems for their daily communications needs. There is no conceivable method whereby Cook

could swap frequencies of his subscriber's mobile units which would not cause complete chaos for Cook and his customers.

Cook further notes that Nextel's comments fail to provide specifics regarding how affected units would be serviced. Would Cook be required to provide the service? If so, will Nextel provide compensation to Cook? Will Nextel provide compensation to Cook's customers for losses arising out of rendering equipment unusable? Will Nextel compensate subscribers for lost personnel hours arising out of taking time to participate in such a recall? Will Nextel warrant that Cook's business will not be diminished by any effect on his goodwill or reputation in the marketplace arising out of customer's questioning the efficiency of his service due to Nextel's recall? Will Nextel provide the personnel to make the frequency changes? If Nextel provides the personnel, is Nextel willing to enter into an agreement, forbidding it from raiding Cook's customers, employing proprietary information gathered during its participation in any frequency exchange?

By the foregoing, the Commission can better appreciate some of the practical problems and considerations which must be addressed prior to taking the radical steps proposed by Nextel. A failure to settle fully these valid concerns would cause great injury to Cook with no concurrent benefit. Since Nextel appears willing to "negotiate" these terms, Cook requests that such negotiations appear within full view of the Commission which should take special care not to unduly disturb the

ongoing, legitimate operation of SMR businesses and the businesses which those operators serve.

In addition, Cook is quite familiar with the problems associated with processing the great number of applications which are presently pending before the Commission. Nextel claims that its proposal will lessen the Commission's burden, but does not explain how this result might be possible. The Commission will need to review each and every new application for frequency exchange to determine whether co-channel operators might be adversely affected. It will need to determine whether pending applications might be adversely affected, and it will need to determine whether short spacing arrangements might be adversely affected.

Given the morass of processing questions which would arise with each such exchange, it appears that Nextel has been far too cavalier in its stated expectations of the difficulties to be experienced by the Commission's staff if its proposal were to become law.

It is, therefore, apparent that Nextel has failed to consider all of the possible ramifications of its proposal. Rather, Nextel's consideration has not gone far

A change in frequency might easily create a "ripple effect" throughout the authorizations in a given geographic area, causing the Commission to have to analyze any frequency exchange on a multiplicity of authorizations, spiralling out from the location of the affected transmitters, including affected short-space agreements and authorizations.

beyond the self-serving value that such changes would provide to Nextel. It is beyond question that Nextel would benefit from adoption of its proposals, however, more is required for Nextel to meet its burden in proving that the public interest would be served by such action.

## Nextel's Technology

Without the vast resources of a Nextel and its equity partners Motorola, Matsushita, NT&T and, now, MCI, Cook was able to predict the problems of which Nextel now complains. One may then logically ask how Cook was able to accurately predict Nextel's problems, but Nextel could not foresee them in its earlier waiver request. Cook claims no special insight. Instead, it is apparent that Nextel knew of its eventual difficulties and chose to ignore them. If, as Cook believes, this must be the logical conclusion of the Commission, then Nextel's latest request for special treatment must fail for its refusal to be totally candid with the Commission in its first request.

Nor should the Commission be led to believe that Nextel's technology stands alone in the provision of digital ESMR operation. The Commission may look beyond Nextel to Ericsson General Electric's EDACS technology for an answer. These systems have been installed throughout the United States and do not exhibit Nextel's problems, nor require a spectrum reallocation to flourish. Instead, it appears that Ericsson General Electric conformed its system to the environment,

rather than demanding that the environment change to accommodate its system. Cook does not point to the Ericsson General Electric system as a standard or by way of recommendation. What Ericsson General Electric's system demonstrates, however, is what might be accomplished by a manufacturer who has not sought to drive a square peg into a round hole.

The Commission also should not be impressed with the claims made by Nextel regarding the quality of its technology in the delivery of telecommunications service. Nextel claims delivery of no service which does not presently exist within the marketplace or which will not be delivered by the advent of PCS. There is nothing unique, therefore, in the services to be delivered by a Nextel system — even one that does not exhibit technical difficulties. There is no incentive for the Commission to accommodate Nextel based on the quality of its technology, which Nextel now admits is flawed. And there exists no justification for the Commission to accept Nextel's proposal based on the services which Nextel might someday deliver — all of which are now available in the market.

## SMR Operators Have Already Paid

By grant of Nextel's nee Fleet Call's waiver, the Commission provided enormous advantages to the ESMR operators, allowing them to scoop up frequencies with abandon. Relief from construction and loading requirements created all the necessary authority to encourage rampant spectrum warehousing and

speculation. The Commission's licensing resources have suffered tremendously as a result and existing operators have found growth through procurement of additional spectrum to be an extremely challenging road. Through it all, the only beneficiaries of the Commission's action have been ESMR operators, who have led the pack in speculation and frequency warehousing.

The Commission's action granting the Fleet Call waiver occurred in 1991. In the three years since, Nextel has obtained dozens of frequencies in the Los Angeles area to add to its already large inventory. Today, within its comments, Nextel claims to serve 5,000 ESMR subscribers. That number is fewer than the number of users served in Los Angeles by traditional SMR users. Without its waiver, that number would not justify the maintenance of more than 72 SMR channels and Nextel holds authority for more than twice that many. Perhaps it is time for the Commission not to ask that SMR operators again accommodate Nextel, but rather, it may be time for the Commission to consider whether the Nextel experiment has failed.

There's a old joke where one guy asks, "Did you change the water in the goldfish bowl" and the reply is, "they haven't finished drinking what I gave them yesterday." Nextel is asking that the Commission change the entire system of SMR licensing to accommodate its own needs. It appears that Nextel hasn't used

properly or completely what authority they now possess. They are not entitled to more.

By any standard of measurement, one must come to the conclusion that Nextel's waiver was provided at the expense of existing users. It disturbed frequency use in the market. It retarded system growth. It made spectrum even more scarce than it had been. And it created enormous competitive pressures for existing operators. All of these results were borne by existing SMR operators for the benefit to be enjoyed via Nextel's vaunted technology. It appears by Nextel's comments that its technology is flawed and analog SMR operators are being asked to bear a portion of the cost to fix it. Cook believes that Nextel should be made to address its difficulties without any assistance from the Commission or any greater burden on competing SMR operators. Cook suggests that Nextel might begin its efforts, not before the Commission, but by ericsson calling General Electric.

## Nextel's Eligibility

Nextel's efforts are couched in terms of regulatory parity between itself and cellular and/or PCS operators, all of which fall under the more general category CMRS.<sup>2</sup> Yet, Nextel has not shown that it is entitled to any such parity or that it

Nextel's claims are not to be believed in any event. Nextel is first and only an SMR operator. If its claims are to be accepted, then Cook may demand the same preference by virtue of his status as a CMRS. Obviously, the Commission is not prepared to create a system to deal with the thousands of "me too" demands which must certainly follow grant of Nextel's proposal.

is eligible for CMRS status. As the Commission is aware, the CMRS rules require that an entity not be controlled by alien corporations and that any equity held by aliens must be stemmed following a particular date. It is Cook's impression that Nextel has not followed these statutory guidelines and may, in fact, be ineligible to act as a CMRS and ineligible for grant of any waiver of the CMRS foreign ownership and control statutes. If this is true, then Nextel's proposal fails in its very premise. If Nextel is ineligible to be considered a CMRS, it certainly is not entitled to any parity arising out of a status which it is precluded from attaining.

Parity, even if Nextel were entitled to it, would not be accomplished by grant of Nextel's request. PCS and cellular begin with creation of separate allocations of spectrum to deliver a new service to the public. Fleet Call might have asked for a separate allocation for its systems, but it did not. In fact, it claimed that no such allocation was or would be necessary. If, therefore, Nextel seeks parity based on the quality of its technology and the roster of services to be delivered, because the public interest is to be substantially served by ESMR services, then Nextel is free to present such a request to the Commission for full consideration. That is parity. What Nextel requests is not. It is radical displacement of SMR operators and their millions of subscribers from frequencies which, absent overwhelming need to serve the public interest, there can be no logical or legal basis.

Nor is Nextel convincing when it points to the example of the Commission's actions to provide 2 GHz spectrum to PCS operators. Unlike point-to-point microwave services, SMR operators serve millions of end users, each whom holds a mobile unit which will require retuning or replacement. Operators of 2 GHz systems hold two transceivers which must be replaced, the equipment is in a known and fixed location, the change out can be accomplished in a relatively short period of time, the re-licensing problems are minimal in comparison as a result of attendant engineering studies to support the applications, and the public's service is not affected by its inability to participate in the change due to scheduling or notification difficulties. Cook is certain that the Commission will quickly see that Nextel's proposal is extremely different in its effect on the public interest and cannot withstand even the barest scrutiny when the equities are properly balanced.

## The Matter Should Be Reduced To Its Proper Perspective

The facts are clear. In 1991, Nextel requested a waiver of the Commission's Rules to construct a system which was touted as being unobtrusive to the Commission's spectrum allocation scheme. Nextel claimed that its service would be delivered by a superior technology within the existing environment. Nextel claimed that it required enormous amounts of spectrum to accomplish its tasks. Nextel now admits that its earlier claims were either false or in gross error. To correct its failures in design and implementation, Nextel now requests that the Commission turn the SMR industry inside out, at no benefit to anyone except Nextel and a small

handful of ESMR operators. Taken in its simple and direct form, Nextel's request appears as bold and arrogant as any seen before the Commission. It must also be rejected for failing to meet any test of providing benefits to the public that justify such sweeping changes.

## Conclusion

Cook respectfully requests that the Commission deny Nextel's proposal for the foregoing reasons, but primarily, because Nextel's proposal fails completely to demonstrate that the public might be served by grant of such a request.

Respectfully submitted, DON COOK

By

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Dated: July 11, 1994

#### **CERTIFICATE OF SERVICE**

I, Nakia M. Marks, hereby certify that on this 11th day of July, 1994, I caused a copy of the attached Reply Comments to be served by hand delivery or first-class mail, postage prepaid to the following:

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